

Citizen Participation and Public Petitions Committee

17th Meeting, 2023 (Session 6), Wednesday
22 November 2023

PE1970: Create an online account for parents to manage the 1140 hours of Early Learning and Childcare funding

Lodged on	19 October 2022
Petitioner	Sharon Fairley on behalf of the Scottish Private Nursery Association
Petition summary	Calling on the Scottish Parliament to urge the Scottish Government to reform the funding model of the 1,140 hours of Early Years Learning and Childcare to allow parents direct control of childcare funding via an online account.
Webpage	https://petitions.parliament.scot/petitions/PE1970

Introduction

1. The Committee last considered this petition at its meeting on 21 December 2022. At that meeting, the Committee agreed to write to COSLA, Early Years Scotland, the Scottish Childminding Association, and the National Parent Forum Scotland.
2. The petition summary is included in **Annexe A** and the Official Report of the Committee's last consideration of this petition is at **Annexe B**.
3. The Committee has received new responses from the Scottish Childminding Association, COSLA and the petitioner which are set out in **Annexe C**.
4. Members may wish to note that the Education, Children and Young People Committee held a one-off evidence session to review how the expanded funded childcare hours are working on [25 May 2022](#). As part of the roundtable discussion, the proposal to introduce a childcare passport was raised by the National Day Nurseries Association.

5. Every petition collects signatures while it remains under consideration. At the time of writing, 2,186 signatures have been received.

Action

The Committee is invited to consider what action it wishes to take on this petition.

Clerk to the Committee

Annexe A

PE1970: Create an online account for parents to manage the 1140 hours of Early Learning and Childcare funding

Petitioner

Sharon Fairley on behalf of the Scottish Private Nursery Association

Date Lodged:

21/09/22

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to reform the funding model of the 1,140 hours of Early Years Learning and Childcare to allow parents direct control of childcare funding via an online account.

Previous action

We have written to and continue to engage with multiple Government and opposition MSPs, as well as the First Minister, the Cabinet Secretary for Education, and the Minister for Children and Young People on multiple occasions. We have written to and maintain contact with the MSPs on the Education Children and Young People Committee, and we are members of the Cross-Party Group on Children and Young People.

Background information

An online account would allow parents to pay a standardised rate of funding, as set by the Scottish Government, directly to their choice of registered and regulated childcare providers regardless of the ownership model of that childcare. The Government funds each council an amount of money for the 1140 hours of Early Learning and Childcare to be provided in their area. Councils contract with private nurseries and childminders (partner providers) in their area.

The Scottish Government sets guidelines for councils to follow to work out how much to pay partner providers. It is then up to each council to determine the hourly rate for partner providers for each eligible child in their area.

Councils are in a tough position – they have to fund their own nurseries, as well as work out how much to pay to their partner providers. It's

logical that a council will make sure their own nurseries are properly funded and then pay whatever is remaining to the partner providers. In our view councils shouldn't be a childcare provider as well as a funder of partner providers. Our proposal makes it simpler and fairer for families to choose where their funding goes.

Annexe B

Extract from Official Report of last consideration of PE1970 on 21st December 2023

The Convener: PE1970, which was lodged by Sharon Fairley on behalf of the Scottish Private Nurseries Association, is on the creation of an online account for parents to manage the 1,140 hours of early learning and childcare funding. It calls on the Scottish Parliament to urge the Scottish Government to reform the funding model for the 1,140 hours of early years learning and childcare to allow parents to have direct control of childcare funding via an online account.

The Scottish Parliament information centre briefing highlights: “The Funding Follows the Child approach is intended to be ‘provider neutral’”, which allows “families ... to choose their preferred ELC setting”.

It notes: “Submissions to the Education, Children and Young People Committee ... argued that some PVI providers’ funding from local authorities was not meeting the full cost of the place.”

The Scottish Government states in its submission that it consulted on the delivery of ELC and received “some support for ELC accounts”, but it notes that the limitations were a “lack of certainty for private providers and local authorities; and risk of parents using funds for other things.”

The submission also notes that investment and time would be required to deliver a new system.

11:00

The National Day Nurseries Association has written to the committee and has stated its support for the action called for in the petition. It highlights discrepancies in funding between local authority ELC and other providers, and it argues that a childcare passport would provide parents with choice, flexibility and affordability. It notes that “it is difficult for local authorities to be both funder and provider”.

Do colleagues have any comments to make or suggestions for action?

Alexander Stewart: There are many merits in the petition, convener, and it is important that we write to seek the views of stakeholders on the action that it calls for. Those might include COSLA, Early Years Scotland, the Scottish Childminding Association, and the National Parent Forum of Scotland. They could all give us a good indication of views about the petition.

The Convener: Are colleagues content with that?

Members *indicated agreement.*

Annexe C

Scottish Childminding Association submission of 2 February 2023

PE1970/C: Create an online account for parents to manage the 1140 hours of Early Learning and Childcare funding

SCMA is a national membership organisation, delivers ELC services for local authorities and undertakes an annual independent audit, for Scottish Government, on progress in including childminders in funded ELC.

ELC Expansion: Impact on Childminding Workforce

- the implementation of '1140 by 2020' has had a devastating effect on the childminding workforce which has declined by 34% since 2016 with the loss of 1926 childminding businesses and 11,363 childminding spaces for children/families;
- it is projected that, without intervention, this decline could reach 42% by July 2023, 50% by July 2024 and 64% by July 2026 - almost doubling these losses.

Contributory Factors

- national recruitment drive to support local authority nursery ELC expansion;
- recurring problems with childminders not being included equitably by local authorities in funded ELC –
 - local authorities have a conflict of interest – they are responsible for overseeing local ELC expansion while being a direct service provider within this. They are required to practice 'Provider Neutrality' (ELC founding principle), treating all providers equitably. While some manage this well and include childminders, too many haven't and have prioritised their own nursery provision. After six years of implementation activity only 4.3% of childminders deliver funded ELC for eligible two-year-olds and 19.2% for three-

and four-year-olds (this latter figure masks that 70% of these are doing so mainly on the basis of blended placements (split between a nursery and childminder) with some childminders just receiving fragments of hours after local authority nurseries take the bulk);

- recurring problems with local authorities not promoting childminding to parents equitably, alongside their own nursery provision, as an option for receiving funded hours;
- only 4 out of 32 local authorities have undertaken impact assessments of their expansion plans on local childminding businesses;
- significant increase in paperwork/bureaucracy affecting childminders disproportionately.

Comments on Petition

SCMA signed this petition not because we believe this provides the best solution, but as the current system isn't working for many and there is a need for national discussion and action to improve this.

While some childminders who haven't been treated equitably may welcome a direct parent-to-provider payment system, others are very concerned this could create problems requiring the following safeguards

–

- **inequitable local authority promotion of childminding must be addressed so that childminding is visible to all parents, as an option for receiving funded ELC;**
- **funding provided to parents through an online account would have to be in a non-transferable form (e-payment/voucher) which could only be used to pay partner providers for funded ELC;**
- **guaranteed by appropriate contracts;** under the National Standard for ELC partner providers must demonstrate their business sustainability (including income projections); during COVID-19 when parental income was affected, many parents

stopped paying childminders; accompanying contractual commitments are essential for continuity;

- **payments need to be at a level which support providers' business sustainability and the Real Living Wage** - only 13% of childminders (including those receiving 'sustainable rates') are able to pay themselves the RLW;
- **additional paperwork/administration**; the significant increase in paperwork is now the main reason behind the declining childminding workforce; many childminders are working an additional half- to full-day every week, unpaid, to support this and couldn't undertake ANY additional work for a new system; the Scottish Milk & Healthy Snack Scheme also hasn't inspired confidence – childminder uptake remains low due to additional administration;
- **prompt payment is essential**: childminders are low-income small businesses requiring prompt payment. Some local authorities recognise this and don't have the capacity to process childminder payments. A local authority may only have to deal with one employee in a larger nursery for 100 children receiving funded ELC, but may have to deal with 30-50 childminders for a comparable number of children if childminders only have 2-3 funded children each. Consequently, SCMA currently undertakes childminder payment processing (ELC, Community Childminding) for six local authorities by request. Prompt payment is ensured. SCMA receives a service fee which, as a charity, we put back into supporting childminders. Other childminders continue to experience payment delays;
- **it is unclear how direct payment would work in blended placements and how these would be arranged**;
- **'eligible two-year-olds' uptake amongst vulnerable children could be adversely affected if parents have to arrange this themselves**: currently, vulnerable families are supported and benefit from having this arranged for them.

The Scottish Government recently commissioned SCMA to develop Good Practice Principles for local authorities working with childminders. While this is constructive, the above shows that where actions aren't mandatory, local implementation can suffer. This will require strong backing.

Had a direct parent-to-provider system been implemented initially, this could have worked. Implementing this now could create problems. **We recommend, instead, that the Scottish Government and COSLA should enforce 'Provider Neutrality' in practice; alternatively, this should be replaced by nationally agreed local minimum provider mixes for ELC to support providers' business sustainability, as previously recommended (SCMA, 2019).**

Sources:

- [SCMA Childminding Evidence Paper, August 2022](#)
- [SCMA ELC Audit 2022, November 2022](#)
- [Childminding Cost Pressures & Business Sustainability, SCMA, January 2023](#)

COSLA submission of 2 February 2023

PE1970/D: Create an online account for parents to manage the 1140 hours of Early Learning and Childcare funding

Thank you for your letter of 6th January 2023 inviting COSLA to address the issues raised in the petition relating to the delivery of Early Learning and Childcare.

Local authorities and our partners have worked hard over recent years to almost double the number of funded hours available to children. We have already seen that this offer is meeting the needs of children and their families, with increasing uptake and high levels of satisfaction. The most recent data on the rollout of the expansion [collected by the Improvement Service](#) shows:

- 93,902 children were accessing funded ELC as of the first week of September 2022.

- Of these, 91,465 children (97%) were accessing more than 600 hours, and 83,237 children (89%) were accessing 1140 hours funded ELC.
- There has been a year-on-year increase in numbers of 2- to 5-year-old children reported to be accessing funded ELC (3% increase).
- Amongst eligible 2-year-olds, there are continued year-on-year increases both in the number of children accessing funded ELC, and in the proportion of children accessing the full 1140 hours.

The Scottish Government's [Schools in Scotland 2022 statistics](#), published in December 2022 also showed:

- 99% of three and four year-olds were estimated to be registered in 2022, and increase from 97% in 2021.
- The number of two year-olds registered for the targeted ELC funded offer has increased from 6,474 in 2021 to 7,042 in 2022. This represents 14% of all two year-olds, an increase from 13% in 2021.

Finally, information collected by the Scottish Government on the [views of parents and carers](#) found that “the majority of parents are very positive about funded ELC. The benefits to their child's social, emotional and educational development were regarded as the main reasons for using the entitlement by almost all parents”.

Considering the strength of this evidence, we do not believe that this is the right time to consider such a fundamental reform of the delivery of Early Learning and Childcare in Scotland.

Funding Follows the Child

[Funding Follows the Child](#) (FFtC) is the underpinning framework that supports the delivery of Early Learning and Childcare in Scotland. Agreed by the Scottish Government and COSLA in 2018, FFtC is designed with parental choice at its core. Local authorities act as key enablers of flexibility and choice by ensuring that there is a range of options for families in their area. Local ELC delivery plans have been developed and are updated and informed by the findings of consultations with parents which must take place every two years.

Within this framework families are able to access ELC with the provider of their choice if that provider meets the criteria set out in the National

Standard, wishes to deliver the funded entitlement, has a space available, and is able to offer the funded hours in-line with local ELC delivery plans.

In practice we are seeing a strong response from parents, with recent research by the Scottish Government finding that 88% of those with a 3-5 year old and 92% with an eligible 2 year old were satisfied with the flexibility they had been offered to 'use their funded hours in a way that meets their family's needs'.

Sustainable Rates Setting

To be clear, we do not recognise the characterisation of the process for setting the rates paid for provision of funded ELC by private and third sector partners that is set out in the petition. Indeed, local authorities set sustainable rates for ELC provision in line with [guidance](#) agreed by the Scottish Government and COSLA. This guidance sets out clearly the factors that should be considered, including the costs of delivery, the scope for reinvestment and enabling private and third sector services to pay at least the Real Living Wage to staff delivering funded ELC. Additionally, in 2022, COSLA supported a national data collection exercise to support the improved quality and consistency of data used to support decision making.

Information [collated by the Scottish Government](#) has shown that the average rate for 3-5 year olds across those local authorities who have confirmed rates for 2022-23 is £5.77 per hour, a significant increase from the £3.68 per hour average rate in 2017-18.

Consultation

As set out in the Scottish Government's response to the Citizen Participation and Public Petitions Committee on this petition, the use of an online account was an option for the delivery of ELC and consulted on in 2017. Over two thirds of responses favoured a different approach with a number of drawbacks of the system of online accounts highlighted, including:

- Lack of certainty regarding funding for private providers and local authorities alike.
- Not predictable, may not work for rural communities, increasing fragility of provision.

- Administration could be complicated, and parents may not understand the system.
- Parents may use funding for things other than ELC.
- Relies on there being provision to choose from, which may not be the case.

These concerns would remain should a system of online accounts be introduced in the future. Additionally, this approach would remove the vital role that local authorities play in ensuring that funded ELC provision is high-quality and the range of support they provide to local funded providers – such as training opportunities – to support quality improvement.

Over and above this, the establishment of a new online account system and supporting infrastructure would be time consuming and divert investment away from the services which directly support children in ELC settings across Scotland.

We hope this letter is helpful to the Citizen Participation and Public Petitions Committee in its consideration of the petition.

Petitioner submission of 28 October 2023

PE1970/E: Create an online account for parents to manage the 1140 hours of Early Learning and Childcare funding

Sadly nothing has changed. If anything it continues to be even more negative and Councils continue to retain the funding.

Edinburgh Council, confirmed at their last education meeting, that they retain approximately £1537, per year, per child.

We ask for further consideration of the Scottish Governments' pledge on future policy funding for children, that this also gets distributed via a child's account/portal and not directly to Local Authorities.